

**WASHINGTON STATE BOUNDARY REVIEW BOARD  
FOR KING COUNTY**

**SPECIAL MEETING MINUTES**

**October 17, 2005**

**Nelsen Middle School  
Renton, Washington**

**I. CALL TO ORDER**

Chair Tessandore convened the meeting at 7:00 P.M.

**II. ROLL CALL**

Evangeline Anderson	Charles Booth
Angela Brooks	Robert Cook
A. J. Culver	Lynn Guttman
Ethel Hanis	Claudia Hirschey
Roger Loschen	Michael Marchand

**III. CURRENT BUSINESS**

**PROPOSED FAIRWOOD INCORPORATION (FILE NO. 2194)**

Chair Tessandore reported that in September of 2005, the Boundary Review Board received from King County/Berk and Associates a document entitled "Analysis of Financial Feasibility for the Proposed City of Fairwood." At that time, the Board selected a Review Team to coordinate a preliminary (administrative) assessment of the study. The Team's charter was to ensure that the citizens of this community have complete, accurate, and readily understandable data upon which to determine whether the proposed City of Fairwood can generate sufficient operating revenue to provide a reasonable complement of municipal services that are equal to or better than the services that are provided by King County.

The Chair reported that Ethel Hanis was selected to chair the Review Team. Other Review Team members are A.J. Culver, Lynn Guttman, Claudia Hirschey, and Roger Loschen. .

The Chair reported that the Team has completed review of the currently proposed document and has provided to the Board a preliminary Report with recommendations for revisions to the Analysis.

The purpose of this Special Meeting (October 17), is to enter the Team Report into the record and to provide the entire Board with an opportunity to review the Report. At the conclusion of the review, the Boundary Review Board will be requested to accept and take formal action to approve the Report.

Upon approval of the Report by the Boundary Review Board, the document will be presented to King County and Berk and Associates to provide direction regarding additional content and format revisions to be provided in the "Analysis of the Financial Feasibility of the Proposed City of Fairwood."

Citizens and representatives of affected government jurisdictions have also been invited to attend this Special Meeting. However, these participants will be present only as observers. Public comment opportunities will be available at the future Special Meetings/Public Hearings for the Fairwood Incorporation.

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Chair Tessandore requested that the Boundary Review Board Fairwood Review Team present their Report to the Board for consideration.

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## **OVERVIEW OF THE ANALYSIS:**

Ethel Hanis, Team Chair, provided an Overview of the Team Review of the “Analysis of Fiscal Feasibility” prepared by Berk and Associates. Hanis reported that the document does provide a portion of the pertinent data that citizens require to determine whether to form a new City of Fairwood. However, the Team finds that enhancement of the document is necessary to provide sufficient comprehensive and detailed information to fully inform the citizenry as to whether the proposed City of Fairwood can fund and provide municipal services that are equal to or better than the services that are provided by King County.

Hanis stated that enhancement of the Analysis is also necessary so that government officials and decision-makers can clearly comprehend the full array of mandatory services, options and impacts which may occur in conjunction with incorporation of a new City of Fairwood.

The Team Report, therefore, provides guidance for enhancement of the content of the Analysis and for restructuring of the organization of the study document.

Team members were requested to present the specific recommendations for enhancement provided in the Team Report.

## **PRINCIPLES AND ISSUES:**

Team Members A. J. Culver, Lynn Guttman, Claudia Hirschey, and Roger Loschen presented a summary of the Principles and Issues defined by the Team to guide the enhancement of the Analysis. He stated that the Analysis should clearly define and describe the basic requirements for creation and operation of a new city.

Culver stated that the Analysis should be based upon a clearly defined “most likely scenario” for the future using conservative estimates of requirements and cost estimates (revenue/expenditure) for governance, services, and capital facilities.

Using that “most likely scenario,” the Analysis should answer the following central question: Can the citizens receive services from a new City of Fairwood that are equal to or better than the services that are provided by King County based upon currently available resources?

**Assumptions:** Culver stated that the Analysis should define and describe each of the assumptions (e.g., governance form, services, fiscal resources, and fiscal obligations) that are the basis for the structure and function of the new city. The Analysis should clearly state the rationale that supports selection of the particular assumption, and demonstrate how the analysis supports (or fails to support) those assumptions. Assumptions should be consistent throughout the document.

The Analysis may provide service plans that are based upon a compilation of data from other like cities.

Data sources should be cited (e.g., King County Annual Growth Report; King County Assessor’s Data) to support assumptions, assessments, and findings provided in the Analysis.

**Government Services and Facilities:** Culver stated that the Analysis should clearly define each of the required public services and facilities assumed for the new city – e.g., city administration and legal services, planning, land use and building permitting and inspection, police services, fire/emergency medical services, stormwater management, sewers, water, transportation system maintenance and improvements, affordable housing, health and human services, law and justice, parks and recreation. The Analysis should plainly state the basis for the selected structure and function of basic services and facilities (e.g., service type and level, service provider, form, services, fiscal resources, and fiscal obligations.)

The Analysis should clearly explain the ways in which these services and facilities are to be provided – e.g., kinds of service, locations of service, timeline for service provision, and resource requirements. Accurate and complete information, including detailed level of service data, is particularly essential for critical and costly public services such as police protection.

**Statutory Foundation:** Guttman stated that the Analysis should examine the financial feasibility of the proposed new city based upon current laws, plans, and regulations. This statutory baseline – e.g., Growth Management Act (RCW 36.70A), King County Comprehensive Plan – requires clear definition. The Analysis should fully address and support those existing statutes, plans and regulations that will govern the city's actions.

The Analysis should identify significant statutory requirements that will affect responsibilities of the city in terms of levels of staff effort and expenditures required for mandatory city comprehensive plans and services – e.g., responsibilities to establish land uses, absorb growth, provide affordable housing targets, stormwater management planning and regulations, transportation, essential public services, capital facilities, human services and public safety services. The Analysis should also identify significant statutory requirements that will affect responsibilities of the city in terms of levels of staff effort and expenditures for required city participation in regional activities, including but not limited to: Regional Solid Waste Committee, Public Health Services, and Municipal Courts.

The Analysis should provide sufficient information for the Boundary Review Board and for the citizen community to determine the ways in which the proposed incorporation would address 35.02 RCW (Incorporations) and 36.93 RCW (Boundary Review Board Enabling Act). RCW 36.93.170 (Factors) and RCW 36.93.180 (Objectives) establish criteria which are key to the decision-making responsibilities of the Boundary Review Board.

Discussion of potential future changes in the law (i.e., internally initiated legislation; externally initiated legislation), if provided in the Analysis, should be presented in an Appendix.

**Revenue Sources:** Hirschey stated that the Analysis should examine the financial feasibility of the proposed new city based upon an inclusive study of currently available revenues/taxation levels. That is: Can the city exist on current revenues? How will City function and structure be formed by/affected by the existing revenue?

The Analysis requires clear definition of the amounts and sources of baseline revenues – e.g., property taxes – regular levy; sales taxes; state taxes; utility taxes, REET, and utility fees for service. The Analysis also requires clear definition of services, if any, which are planned to be revenue neutral (e.g., land use permitting, building permits).

These baseline revenues should be developed from an information source that provides accurate and consistent support data including comprehensive demographic and land use information, property assessments, revenues, and other fees (e.g., impact fees).

The Analysis should clearly and comprehensively describe the ways in which the various current resources support/impede the structure and function assumed for the proposed city. The Analysis should rely solely on funds (and funding amounts) that can be confirmed by an independent source (e.g., Assessor's Office).

The Analysis should include, but not be limited to, presentation of information which:

- Verifies source of “start up” funding resources.
- Ensures that assumed funds (e.g., property taxes – regular levy; sales taxes; state taxes; utility taxes, REET) are available at start-up, describes requirements for obtaining funds, and confirms that the City would meet criteria for obtaining those funds.

The Analysis should assume only new revenue that can be assured in terms of source and/or amount. The Analysis should be based on revenue available without a special election for taxation (a levy lid lift) and without a utility tax. The Analysis should clearly define the authority responsible for setting and maintaining taxation rates. The Analysis should state the difficulty in passing new taxes leading to the determination that currently available revenue and taxation presents a “most likely scenario” for the provision of revenue.

The Analysis should not assume funding based upon future action by City officials (e.g., utility taxes, mitigation fees), future State legislation (e.g., SSTA), government or private grants (e.g., CDBG), citizen initiatives, interest income, franchise contracts, and other sources. For taxes

allocated by zip code, the Analysis should note that the city will have difficulty collecting all of the revenue unless Fairwood is provided with a city-specific zip code.

Discussion of potential new and/or long-term revenue, if provided in the Analysis, should be provided in an Appendix. Discussion of long-term revenue should be based upon such fundamental factors as population growth and service levels.

**Expenditures:** Hirschey stated that the Analysis should examine the financial feasibility of the proposed new city based upon both mandatory expenditures and optional expenditures. That is: Can the city continue to fund the current level of expenditures for governance and service with existing revenues? How can additional (proposed) expenditures be funded with existing revenues? What is the funding source that will support these expenditures?

The Analysis should examine mandatory and optional expenditures, based upon reasonable and verifiable sources and levels of funding, in each of the following categories:

- “Start-up” expenditures (e.g., staffing – basic fees and fringe benefits, office space, equipment, training, professional organization membership, regional activities).  
*(Note: The staffing levels proposed in this Analysis do not appear compatible with staffing levels in other start-up cities)*
- Comprehensive Plan Preparation (Current City and Potential Annexation Area).
- Operations Expenditures (e.g., city administration and legal services, planning, land use and building permitting/inspection, police services, fire/emergency services, stormwater management, sewers, water, transportation system maintenance and improvements, affordable housing, health and human services, law and justice, parks and recreation.)
- Capital Facilities Planning (e.g., roadway construction, traffic safety improvements, infrastructure construction, major improvements to facilities; ownership of parks and recreation facilities; municipal buildings). Estimates of city costs for transportation projects to serve the community and the region should be included in the Analysis.
- Repayment of “start-up” funding loans and other loan funds.
- Contingency Expenditures, Bad Debt, and Insurance Reserves.

The Analysis should clearly and comprehensively describe the ways in which each category of expenditures either can be adequately funded to support the structure and function assumed for the new city or may impede the structure and function assumed for the new city.

Discussion of options for potential adjustments to expenditures (e.g., level of service upgrades, reductions) may be provided in the Analysis. The Analysis should differentiate:

- Key/Essential expenditures;
- A range of discretionary expenditures for basic services;
- “Wish list” expenditures;
- Net of revenue and expenses by funding eligibility. Separate restricted funds (e.g., utility revenue and road funds) from general funds. Do not display aggregated expenses compared to aggregated revenue.

Discussion of potential long-term expenditures, if provided in the Analysis, should be presented in an Appendix. Discussion of long-term revenue should be based upon such fundamental factors as population growth and service levels.

#### **OTHER TOPICS:**

- **Cascade Area:** Loschen stated that the Analysis should provide information about the relationship of the Cascade Area to the proposed new City of Fairwood, pursuant to statutory guidelines (e.g., 36.70A RCW, 36.93 RCW, King County Comprehensive Plan, Renton Comprehensive Plan) including, but not limited to:
  - Rationale for omission of Cascade Area from the proposed incorporation;

- Impacts upon the unincorporated community following/resulting from incorporation of Fairwood;
- Impacts upon City of Renton following/resulting from incorporation of Fairwood and/or maintaining the Cascade Area as an unincorporated area.
- Maplewood Addition: Loschen and Guttman stated that the Analysis should provide information about the relationship of the Maplewood Addition Area to the proposed new city, including, but not limited to:
  - Effects upon Fairwood from annexation of Maplewood Addition to the City of Renton.
  - Effects upon the citizens of Maplewood Addition in the event that the community is excluded from the City of Fairwood.

Urban Growth Area Boundary: Guttman stated that the Analysis should provide a brief statement concerning the fact that some boundaries of the proposed Fairwood Incorporation bisect the Urban Growth boundary (e.g., roadways that are travel through urban and rural areas).

- Renton Pool: Guttman reported that the Analysis should provide information about the full range of options for the ownership/management and relationship of the Renton Pool. The Analysis should report the financial impacts of assuming responsibility for this pool. The Analysis should also report the likely outcome if King County retains this facility.
- Elliott Farms: Guttman reported that the Analysis should provide information about the relationship of Elliott Farms to the proposed new City of Fairwood,

#### **MISCELLANEOUS EDITORIAL GUIDELINES:**

Ethel Hanis stated that the Team found that:

- The Analysis should directly present assumptions, data, investigation, and findings to the reader.
- The Analysis should employ active (rather than subjective) language.
- The Analysis should define and conform terms – e.g., “most conservative”; “modest level” – to achieve consistency throughout the Analysis.
- The Analysis should ensure that all Exhibits (e.g., Exhibit 19, Exhibit 23) include narrative text that describes their purpose and links directly to data in the Analysis. Narrative text and tables should provide consistent data.

#### **DOCUMENT STRUCTURE:**

Guttman stated that In order to ensure that the Analysis can be easily read and understood by various stakeholders – e.g., citizens, government officials – the Review Team recommends a specific structure to the document. She reviewed the proposed structure as follows:

- Executive Summary
- Baseline Information
- Proposal for Incorporation
- Financial Data and Assumptions
- Related Factors
- Appendices

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Ethel Hanis concluded the Team Report. She stated that, upon receiving an Analysis which provides sufficient information to ensure that the citizens of this community can determine whether the proposed City of Fairwood can fund and provide municipal services that are equal to or better than the services that are provided by King County, the Boundary Review Board will develop a timeline for public review of the proposed incorporation of a new City of Fairwood. The review process and schedule will be established as prescribed by 35.02 RCW

(Incorporation Proceedings), 36.93 RCW (Boundary Review Board Enabling Act), 36.70A RCW (State Growth Management Act), *et seq.*

The entire Board – together with affected government jurisdictions and citizen groups – will then evaluate and provide comment upon the study through a public review/public hearings process established to consider the incorporation proposal (as prescribed by RCW 35.02, RCW 36.93, *et seq.*).

Hanis stated that the record for the application for incorporation of a proposed City of Fairwood (including written documents and the public hearings) will serve as a basis from which the Board will make a decision/recommendation with respect to the incorporation of the City of Fairwood. The Board may take the following actions:

- The Board may approve the incorporation with the proposed boundaries;
- The Board may approve the incorporation with modifications to the boundaries;
- The Board may recommend against the incorporation.

Hanis concluded that an election is required to confirm incorporation. Therefore, following the action of the Board, the Fairwood Task Force will decide whether or not to take the proposal for incorporation to the electorate. If the proposal goes to election, the ballot should reflect the decision/recommendation of the Board.

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Chair Tessandore stated that it is necessary for the Board to adopt the Team Report in order for the document to be entered into the record for File No. 2194 and transmitted to King County/Berk and Associates. The Chair invited Board members to comment on the Team Report. Members provided the following comments/inquiries:

Study Content:

- The Team Report endeavors to provide guidance to enhance the Analysis in order to serve the community members who must determine whether the proposed new City can provide baseline necessities and optional benefits to its citizens.
- The Team Report endeavors to provide King County/Berk and Associates with necessary general guidance for revisions to the Analysis based upon general principles -- e.g., the call for consistent and validated assumptions, analysis based upon current statutory mandates and funding resources, and citation of data sources. The Report defines key issues (e.g., revenues and expenditures relating to: city administration and legal services, planning, land use and building permitting and inspection, police services, fire/emergency medical services, stormwater management, sewers, water, transportation system maintenance and improvements, affordable housing, health and human services, law and justice, parks and recreation.
- The Team Report endeavors to provide general guidelines to enhance the Analysis – rather than specific detailed direction – so as to ensure that the Board does not exceed its charter by either dictating the actual content of the Analysis or assuming responsibility for providing the specific information required for the Analysis. As King County established the scope of the Analysis, it is King County that has “ownership” of the document.
- The Board will need to have sufficient baseline information and/or “most likely scenarios” (and information concerning service options) in order to consider the incorporation area as proposed by the Fairwood Task Force based upon the work of that group with the citizens of the community. Information provided in the Analysis should be related to RCW 36.93, RCW 36.70A, the King County Comprehensive Plan, and other statutory guidelines. The Board must also have sufficient information to consider boundary adjustments under the provisions of these statutes.
- In the event that the Analysis utilizes models provided by other cities, caution is necessary to ensure that the two jurisdictions are, in fact, comparable – or that the appropriate information is provided to describe and accommodate for divergent circumstances.

- At the origination of the planning for the Analysis, the Board was assured that the document would address the entire Fairwood Area and the Cascade Area. The present study does not include substantive information relating to the Cascade Area. The Team Report should make clear that the Analysis should include, at a minimum, sufficient data to enable the Board to address this issue as prescribed by RCW 36.70A, RCW 36.93, and other applicable standards.
- The present study does not include a specific analysis of the Maplewood Addition community which is included within the Fairwood Incorporation boundaries and which has also been proposed for annexation to Renton. As the Maplewood Addition Notice of Intention and the Fairwood Incorporation Notice of Intention will be undergoing simultaneous consideration, that information is likely to be essential to the review and decision making process for both Fairwood and the Maplewood Addition.
- The Team Report should be modified to make clear that the Analysis should provide sufficient baseline information for the Boundary Review Board and for the citizen community to determine the ways in which the proposed incorporation would address 36.93 RCW (Boundary Review Board Enabling Act), with particular emphasis on RCW 36.93.170 (Factors) and RCW 36.93.180 (Objectives).

Review Process:

- In response to an inquiry concerning the preparation of the "Analysis... for ...Fairwood" under the direction of King County rather than the customary system that provides for direction by a Boundary Review Board Committee (including citizens), Lenora Blauman provided the following information:
  - The Office of the County Executive made a decision to coordinate the governance study as a tool to implement the King County Annexation Initiative which calls for near-term transfer of lands from regional jurisdiction to local jurisdiction.

As such, the County – working with a Fairwood citizens group -- designed an initial incorporation study which is intended to provide both a general overview of the form and function of a new City of Fairwood and a comprehensive analysis of the fiscal benefits/costs of incorporation of this new community. This innovative process is intended to create a single study at the outset of the review process in order to provide a comprehensive package of information to the community and to the decision-makers.

  - The County was also seeking to streamline the review process to serve the Fairwood Task Force which reported a commitment to go to election for incorporation in November 2005. This initial, more comprehensive study – because the document was anticipated to provide data complete in both breadth and depth – is also intended to reduce the time/costs required in consideration of the incorporation.
- In response to an inquiry to Robert Kaufman, Special Assistant Attorney General to the Boundary Review Board, the Board members were provided with the following information.
  - At the present time, the Board is responsible for taking action to approve the Team Report. The Report may be approved as proposed or with modifications proposed by the Board members.
  - The approved document will be transmitted to King County/Berk and Associates for their consideration. When King County/Berk and Associates provide a final document, the Board can proceed to public hearing for the proposed Fairwood Incorporation.
  - At the time of public hearing, Berk and Associates will present the Analysis to the Board. There will be opportunity for Board members to enter into a dialogue with representatives from Berk and Associates concerning the content of the study.

- At the time of public hearing, there will be opportunity for citizens of the proposed City of Fairwood to comment upon the planned incorporation. Citizens of the Cascade Area and citizens of Maplewood Addition will also have an opportunity to participate in this hearing. Government officials are also invited to participate in the public hearing process.
- Specific hearing schedules and protocols will be provided to the Board in the near future.
- The Board is required to evaluate both the proposed incorporation and the proposed annexation as established by statutory mandate including 35.02 RCW, 36.93 RCW (e.g., RCW 36.93.150; RCW 36.93.170; RCW 36.93.180), 36.70A RCW, King County Comprehensive Plan, and various other regional and local guidelines.
- Upon determination that the Board has been provided with a complete Analysis of the Fiscal Feasibility of the proposed City of Fairwood and with sufficient information relating to the Maplewood Addition Area and the Cascade Area, the proposed Fairwood Incorporation can proceed to formal public review in special meetings/public hearings. Those hearings will provide opportunities for government officials and citizens to testify with respect to the proposed Fairwood incorporation (and Maplewood Addition Annexation). The written record and the public hearing will form the base for the formal action (decision or recommendation) by the Boundary Review Board.

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At the close of the discussion period, Chair Tessandore called for the Board to come to a decision concerning the Boundary Review Board Fairwood Team Report on the "Analysis of the Financial Feasibility of the Proposed City of Fairwood."

*Action: A. J. Culver moved and Charles Booth seconded the motion that the Board adopts the Boundary Review Board Fairwood Team Report on the "Analysis of the Financial Feasibility of the Proposed City of Fairwood" with technical modifications to clarify the intention of the document. The Board voted unanimously in favor of the motion.*

The Fairwood Team Report on the "Analysis of the Financial Feasibility of the Proposed City of Fairwood" will be revised to include technical modifications and will be immediately thereafter transmitted to Berk and Associates.

#### **IV. ADJOURNMENT**

Chair Tessandore called for a motion to adjourn the meeting.

*Action: Robert Cook moved and Lynn Guttmann seconded the motion to adjourn the Special Meeting at 8:30 p.m. The Board voted unanimously in favor of the motion.*